

The Federal Emergency Management Administration's (FEMA) authority to issue flood insurance policies under the National Flood Insurance Program (NFIP) expired at midnight May 31, 2010. At this time, FEMA has not issued guidance for this lapse. We recommend that all interested parties monitor FEMA's website, <http://www.fema.gov/business/nfip/> for guidance regarding this lapse.

VA will continue to guarantee single-family mortgages on homes where flood insurance is normally required but was not secured during this lapse in flood insurance coverage authority. However, VA-approved lenders should have an appropriate flood insurance policy application on file and collect and remit premiums pursuant to FEMA's guidance when a VA-guaranteed mortgage is being closed. Lenders and mortgage servicers are reminded that, if at any time during the life of the VA-guaranteed mortgage, it is determined that the property is in a special flood hazard area, flood insurance must be obtained when available under the NFIP. As a reminder, mortgagees are responsible for flood damage in the event that a claim is filed to VA.

Lenders are urged to periodically check FEMA's web site (link above) for information regarding Congress' reauthorization of the flood insurance program.